

**TAYMOUTH TOWNSHIP**  
**Saginaw County, Michigan**  
**FINANCIAL STATEMENTS**  
**June 30, 2008**

TOWNSHIP OFFICIALS

DOUGLAS JAMES

SUPERVISOR

GAIL BASNER

CLERK

CAROLE KONESKO

TREASURER

LARRY SMITH

TRUSTEE

AARON DODAK

TRUSTEE

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# Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner  
Giacomo Provenzano  
James R. Schauman  
Heather A. Thomas

## INDEPENDENT AUDITOR'S REPORT

September 23, 2008

To the Township Board  
Taymouth Township  
Saginaw County, Michigan

We have audited the accompanying financial statements of the governmental activities and business type activities of Taymouth Township, Saginaw County, Michigan as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business type activities of Taymouth Township, Saginaw County, Michigan as of June 30, 2008, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Township Board  
Taymouth Township  
Saginaw County, Michigan  
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The management's discussion and analysis and budgetary comparison listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise Taymouth Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sardner, Provenzano, Schauman & Thomas, P.C.*

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

TAYMOUTH TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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This section of the Township of Taymouth's annual financial report presents our discussion of Taymouth Township's financial performance during the fiscal year ended June 30, 2008. Please read it in conjunction with the Township's financial statements.

**Overview of the Financial Statements**

The following are the most significant financial highlights for the year ended June 30, 2008. State-shared revenue, the Township's major revenue source showed a slight increase compared to the prior year. Having anticipated a decrease, the initial budget for the fiscal year ending June 30, 2008 was established at a rate of 10% less than the prior year. The Township continued to diligently watch spending and was able to operate well within the adopted budget.

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting to measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The Statement of Net Assets and the Statement of Activities distinguish functions of the Township that are primarily supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, and trash pick-up. The business-type activities of the Township include water services.

The Fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fund financial statements can be divided into three categories including governmental funds, proprietary funds, and fiduciary funds. The fiduciary fund statements provide information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

### **The Township as a Whole**

For the fiscal year ended June 30, 2008, assets exceeded liabilities by \$5,797,225 compared to \$5,540,388 in the prior year. A large portion of the Township's net assets (63%) reflects investment in capital assets (i.e. land, buildings, vehicles, equipment and water lines) net of depreciation and less any related debt used to acquire those assets that are still outstanding. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### **Governmental Activities**

The Township's total governmental revenues were \$1,049,841. The largest portion is from charges for services which include tipping fees. The only operational landfill in Saginaw County is located in the Township. A host agreement between the Township and Waste Management base these fees on the amount of refuse received at People's Landfill. The second largest source of revenue is state revenue sharing.

The Township incurred governmental expenses of \$864,452 during the year.

### **Business-type Activities**

The Township's business-type activities consist of the water fund. Water is provided to approximately 40% of the Township's residents. Water is purchased from the City of Saginaw at a price controlled by the City. The cost is passed to each individual customer.

During the year ended June 30, 2004, the Water Fund refunded bonds Phases I-IV with a total outstanding debt of \$1,565,000 and replaced them with a consolidated bond issuance of \$965,000, lowering the debt for those bonds by \$600,000. During the current year the Township made payments on all water fund debt of \$180,000 leaving a total outstanding debt of \$1,410,000.

The following tables provide a summary of the Township's net assets as of June 30, 2008 and the changes in net assets for the year ended June 30, 2008.



**TAYMOUTH TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

	Government Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current assets	\$ 1,266,318	\$ 1,117,553	\$ 1,519,578	\$ 1,586,020	\$ 2,785,896	\$ 2,703,573
Noncurrent assets	597,137	679,175	3,948,764	3,996,975	4,545,901	4,676,150
Total Assets	<u>\$ 1,863,455</u>	<u>\$ 1,796,728</u>	<u>\$ 5,468,342</u>	<u>\$ 5,582,995</u>	<u>\$ 7,331,797</u>	<u>\$ 7,379,723</u>
<b>Liabilities</b>						
Current liabilities	\$ 116,966	\$ 148,128	\$ 187,606	\$ 193,707	\$ 304,572	\$ 341,835
Long-term liabilities	-	87,500	1,230,000	1,410,000	1,230,000	1,497,500
Total Liabilities	<u>116,966</u>	<u>235,628</u>	<u>1,417,606</u>	<u>1,603,707</u>	<u>1,534,572</u>	<u>1,839,335</u>
Investment in capital assets-net	509,637	504,175	2,538,764	2,586,975	3,048,401	3,091,150
Unrestricted	1,236,852	1,056,925	1,511,972	1,392,313	2,748,824	2,449,238
Total Net assets	<u>\$ 1,746,489</u>	<u>\$ 1,561,100</u>	<u>\$ 4,050,736</u>	<u>\$ 3,979,288</u>	<u>\$ 5,797,225</u>	<u>\$ 5,540,388</u>

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenue</b>						
Program revenue						
Charges for services	\$ 421,013	\$ 405,453	\$ 370,523	\$ 376,169	\$ 791,536	\$ 781,622
General revenue						
Property taxes	202,113	194,052	-	-	202,113	194,052
State revenue sharing	338,326	325,676	-	-	338,326	325,676
Interest	30,669	32,433	77,385	93,660	108,064	126,093
Other revenue	47,782	48,677	-	-	47,782	48,677
Transfers	6,238	-	(6,238)	-	-	-
Gain on sale of asset	3,700	20,000	-	-	3,700	20,000
Total Revenue	<u>1,049,841</u>	<u>1,026,291</u>	<u>441,680</u>	<u>469,829</u>	<u>1,491,521</u>	<u>1,496,120</u>
Program Expense						
Legislative	5,881	6,371	-	-	5,881	6,371
General government	222,228	223,418	-	-	222,228	223,418
Public safety	220,991	213,560	-	-	220,991	213,560
Public works	255,876	239,519	-	-	255,876	239,519
Recreation and culture	101,865	84,145	-	-	101,865	84,145
Water	-	-	296,567	313,468	296,567	313,468
Other	51,501	48,596	-	-	51,501	48,596
Interest on debt	6,110	9,201	73,665	80,698	79,775	89,899
Total Program Expenses	<u>864,452</u>	<u>824,810</u>	<u>370,232</u>	<u>394,166</u>	<u>1,234,684</u>	<u>1,218,976</u>
Change in Net Assets	<u>\$ 185,389</u>	<u>\$ 201,481</u>	<u>\$ 71,448</u>	<u>\$ 75,663</u>	<u>\$ 256,837</u>	<u>\$ 277,144</u>

TAYMOUTH TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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### **The Township's Funds**

Taymouth Township's governmental funds for 2007-2008 are the same as in the prior fiscal year and include the general fund, library fund, park fund, and trash fund. These funds were created by the Township board to manage money for specific purposes as well as to show accountability for assessments collected as part of the property taxes. The Township has opted to display information for all funds without regard to the criteria established by GASB 34 for determination of major funds. If the GASB 34 criteria had been used, the trash fund would have been considered a major fund.

The general fund is the chief operating fund of the Township and pays for most of the Township's governmental services. The general fund had an increase in fund balance of \$162,499. The increase was mostly due to less than anticipated expenditures in the inspection department and the department of public works. The most significant expenses are for road and bridge maintenance and replacement. Although roads and bridges are controlled by the Saginaw County Road Commission, Taymouth Township continues to seek the best use of the dollar by bidding out portions of projects when allowable and using all allocation monies provided by the county.

The trash fund had an increase in fund balance of \$15,811. All expenses for this fund are considered trash collection expense. Revenues for the trash fund are derived from special assessments. The increase is mostly due to not transferring out \$10,000 to the bridge cash account, which is held in the general fund.

The park fund saw significant expenses in fiscal year 2007-2008 as all five ball diamonds had infield surfacer applied. This project will also entail the need for drainage. The balance of monies saved over the past several years through fund raising was spent on the project. The Township was also fortunate to receive both monetary and labor donations from the Tri-Valley Men's softball league.

### **General Fund Budgetary Highlights**

Throughout the year, the Township Board makes adjustments to the budget as needed. Management believes there were no significant variances between the first and final budget. Significant variances between the final budget and actual results are as follows:

#### **REVENUES:**

- Tipping fees from the host agreement with Waste Management were approximately \$35,000 more than anticipated due to the landfill having an increase in refuse received.
- Metro Fees received from the State were approximately \$1,000 more than anticipated.

**General Fund Budgetary Highlights (continued)**

**EXPENSES:**

- Road projects that were budgeted for were not completed by Saginaw County Road Commission thus resulting in a difference of \$90,000 in that specific line item within the DPW.
- The costs incurred by the Inspection Department were down due in part to the significant decrease in construction.

**Capital Asset and Debt Administration**

Governmental capital asset additions for the current year included a tractor and a defibrillator.

A major acquisition in the water fund was the purchase of a one ton truck with a three yard dump box and snowplow and a backhoe.

The Township paid \$267,500 of principal on long-term debt.

**Economic Indicators and Next Year's Budget**

The Township successfully completed fiscal year 2007-2008 without having to use any of the fund balance which this board has worked so diligently to maintain. Employees were given minimal raises; elected salaries remained the same. You will see a significant increase in the allotted monies for roads and bridges in fiscal year 2008-2009. Also the building department is now established as a separate fund removing those dollars from the general fund.

The special assessment for fire equipment continues in its fifth and final year. National City Bank provided the installment loan for the rescue squad and frontline pumper. The Township has committed up to \$50,000 if necessary toward the loan repayment. At this point, it does not appear the entire \$50,000 contribution will be necessary. The necessity for this equipment is evidenced by the number of times the rescue squad is dispatched; twice weekly would be a conservative estimate.

As stated previously, the water is controlled by the City of Saginaw. A new contract is still being negotiated. All costs incurred by providing this service are passed directly to the water customers. Given the age of the original water lines and ever changing state mandates, the water department continues building a healthy fund balance for future major expenditures. With the widening of I-75, it is thought the Township should install an additional line running under the highway. The original line is one of the oldest in the township and not encased as today's lines are. The completion of this expansion will also eliminate a dead-end line forming a reliability loop.

**Economic Indicators and Next Year's Budget (continued)**

The Township saved thousands of dollars by availing itself of the county work crew consisting of a deputy sheriff and approximately six inmates. The crew maintained properties such as the cemeteries and park on a weekly basis. It is hoped they will be able to return next year.

**Contacting the Township's Management**

This financial report is intended to provide taxpayers, citizens and investors with a general overview of the Township's finances and accountability for the money received. If you have any questions about this report or need additional information, please contact the Clerk's office.

## **FINANCIAL STATEMENTS**

TAYMOUTH TOWNSHIP  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
JUNE 30, 2008

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash	\$ 1,090,709	\$ 763,721	\$ 1,854,430
Deposits with Saginaw County	-	5,105	5,105
Accounts receivable	38,204	70,799	109,003
Prepays	29,893	-	29,893
Due from other governmental units	107,512	-	107,512
Due from other funds	-	2,452	2,452
Special assessment receivable	-	677,501	677,501
Total current assets	<u>1,266,318</u>	<u>1,519,578</u>	<u>2,785,896</u>
Capital assets:			
Capital assets	2,161,777	5,370,003	7,531,780
Less accumulated depreciation	<u>(1,564,640)</u>	<u>(1,421,239)</u>	<u>(2,985,879)</u>
Net capital assets	<u>597,137</u>	<u>3,948,764</u>	<u>4,545,901</u>
Total Assets	<u>\$ 1,863,455</u>	<u>\$ 5,468,342</u>	<u>\$ 7,331,797</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	\$ 1,564	\$ 7,606	\$ 9,170
Deposits payable	25,450	-	25,450
Due to other funds	2,452	-	2,452
Current portion of long-term liabilities	87,500	180,000	267,500
Total current liabilities	<u>116,966</u>	<u>187,606</u>	<u>304,572</u>
Long-term liabilities:			
Bonds payable	-	1,230,000	1,230,000
Total long-term liabilities	<u>-</u>	<u>1,230,000</u>	<u>1,230,000</u>
Net assets:			
Invested in capital assets net of related debt	509,637	2,538,764	3,048,401
Unrestricted	1,236,852	1,511,972	2,748,824
Total net assets	<u>1,746,489</u>	<u>4,050,736</u>	<u>5,797,225</u>
Total Liabilities and Net Assets	<u>\$ 1,863,455</u>	<u>\$ 5,468,342</u>	<u>\$ 7,331,797</u>

See accompanying notes to basic financial statements.

TAYMOUTH TOWNSHIP  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

		Program Revenue	Governmental Activities	Business Type Activities	Total
			Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services			
<b>FUNCTIONS/PROGRAMS</b>					
<b>Governmental Activities:</b>					
Legislative	\$ 5,881	\$ -	\$ (5,881)	\$ -	\$ (5,881)
General government	222,228	234,819	12,591	-	12,591
Public safety	220,991	-	(220,991)	-	(220,991)
Public works	255,876	161,813	(94,063)	-	(94,063)
Recreation and culture	101,865	24,381	(77,484)	-	(77,484)
Interest on debt	6,110	-	(6,110)	-	(6,110)
Other	51,501	-	(51,501)	-	(51,501)
Total Governmental Activities	<u>864,452</u>	<u>421,013</u>	<u>(443,439)</u>	<u>-</u>	<u>(443,439)</u>
<b>Business-Type Activities:</b>					
Water	<u>370,232</u>	<u>370,523</u>	<u>-</u>	<u>291</u>	<u>291</u>
Total Government	<u>\$ 1,234,684</u>	<u>\$ 791,536</u>	<u>(443,439)</u>	<u>291</u>	<u>(443,148)</u>
<b>General Revenues and Transfers:</b>					
Property taxes			202,113	-	202,113
State revenue sharing			338,326	-	338,326
Interest			30,669	77,395	108,064
Miscellaneous			47,782	-	47,782
Transfer-Interfund activity			6,238	(6,238)	-
Total General Revenues and Transfers			<u>625,128</u>	<u>71,157</u>	<u>696,285</u>
Excess (deficiency) of revenues over expenses before special items			181,689	71,448	253,137
Gain on sale of assets			3,700	-	3,700
Change in net assets			185,389	71,448	256,837
Net assets, Beginning of Year			1,561,100	3,979,288	5,540,388
Net assets, End of Year			<u>\$ 1,746,489</u>	<u>\$ 4,050,736</u>	<u>\$ 5,797,225</u>

See accompanying notes to the financial statements.

TAYMOUTH TOWNSHIP  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2008

	General	Trash Fund	Library	Park	Total
<u>Assets</u>					
Cash	\$ 976,323	\$ 105,386	\$ 6,342	\$ 2,658	\$ 1,090,709
Accounts receivable	38,204	-	-	-	38,204
Prepays	29,893	-	-	-	29,893
Due from other governments	107,512	-	-	-	107,512
Due from other funds	-	-	1,029	540	1,569
Total Assets	<u>\$ 1,151,932</u>	<u>\$ 105,386</u>	<u>\$ 7,371</u>	<u>\$ 3,198</u>	<u>\$ 1,267,887</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts payable	\$ 1,564	\$ -	\$ -	\$ -	\$ 1,564
Due to other funds	4,021	-	-	-	4,021
Deposits payable	24,850	-	-	600	25,450
Total liabilities	<u>30,435</u>	<u>-</u>	<u>-</u>	<u>600</u>	<u>31,035</u>
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	1,121,497	105,386	7,371	2,598	1,236,852
Total fund equity	<u>1,121,497</u>	<u>105,386</u>	<u>7,371</u>	<u>2,598</u>	<u>1,236,852</u>
Total Liabilities and Fund Equity	<u>\$ 1,151,932</u>	<u>\$ 105,386</u>	<u>\$ 7,371</u>	<u>\$ 3,198</u>	<u>\$ 1,267,887</u>

See accompanying notes to the financial statements.



TAYMOUTH TOWNSHIP  
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2008

Total fund balances - governmental funds	\$ 1,236,852
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds balance sheet	
Capital assets at cost	2,161,777
Accumulated depreciation	(1,564,640)
Notes payable are not due and payable in the current period and not reported in the fund statements	
	(87,500)
Total net assets - governmental activities	<u>\$ 1,746,489</u>

See accompanying notes to the financial statements.

TAYMOUTH TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2008

	General	Trash Fund	Library	Park	Total
Revenues:					
Property taxes	\$ 202,113	\$ -	\$ -	\$ -	\$ 202,113
Special assessment	-	161,813	-	-	161,813
Licenses and permits	45,063	-	-	-	45,063
Intergovernmental	335,005	-	3,321	-	338,326
Fine and forfeits	4,173	-	19,770	-	23,943
Charges for services	185,533	-	-	-	185,533
Interest	28,533	2,071	17	48	30,669
Rent	50	-	1,857	2,754	4,661
Other	39,184	-	2,672	3,620	45,476
Total revenues	<u>839,654</u>	<u>163,884</u>	<u>27,637</u>	<u>6,422</u>	<u>1,037,597</u>
Expenditures:					
Legislative	5,881	-	-	-	5,881
General government	214,790	-	-	-	214,790
Public safety	142,407	-	-	-	142,407
Public works	102,819	148,073	-	-	250,892
Recreation and culture	-	-	60,428	35,839	96,267
Capital outlay	14,566	-	-	-	14,566
Other	51,501	-	-	-	51,501
Total expenditures	<u>531,964</u>	<u>148,073</u>	<u>60,428</u>	<u>35,839</u>	<u>776,304</u>
Excess (deficiency) of revenues over expenditures	307,690	15,811	(32,791)	(29,417)	261,293
Other financing sources (uses)					
Insurance recovery	2,306	-	-	-	2,306
Sale of assets	3,700	-	-	-	3,700
Debt service	(93,610)	-	-	-	(93,610)
Operating transfers in	-	-	39,983	23,842	63,825
Operating transfers out	(57,587)	-	-	-	(57,587)
Total other financing sources (uses)	<u>(145,191)</u>	<u>-</u>	<u>39,983</u>	<u>23,842</u>	<u>(81,366)</u>
Excess (deficiency) of revenues and other sources over expenditures and other sources	162,499	15,811	7,192	(5,575)	179,927
Fund Balances, Beginning	958,998	89,575	179	8,173	1,056,925
Fund Balances, Ending	<u>\$ 1,121,497</u>	<u>\$ 105,386</u>	<u>\$ 7,371</u>	<u>\$ 2,598</u>	<u>\$ 1,236,852</u>

See accompanying notes to basic financial statements.

TAYMOUTH TOWNSHIP  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2008

Net Changes in Fund Balances-Total Governmental Funds	\$ 179,927
Amounts reported for governmental activities in the Statement of Activities are different because,	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation Expense	(96,604)
Capital Outlay	14,566
Repayment of the principal portion of notes payable is an expenditure in the governmental funds, but not in the government-wide statements	87,500
Change in Net Assets of Governmental Activities	<u>\$ 185,389</u>

See accompanying notes to the basic financial statements.

TAYMOUTH TOWNSHIP  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2008

	Proprietary Fund Type- Water Fund
<u>Assets</u>	
Current assets:	
Cash	\$ 763,721
Deposits with Saginaw County	5,105
Accounts receivable	70,799
Due from other funds	2,452
Total current assets	<u>842,077</u>
Other assets:	
Special assessment receivable	677,501
Capital assets, net of accumulated depreciation	<u>3,948,764</u>
Total other assets	<u>4,626,265</u>
 Total Assets	 <u>\$ 5,468,342</u>
<u>Liabilities and Net Assets</u>	
Current liabilities:	
Accounts payable	\$ 7,606
Current portion of long-term liabilities	<u>180,000</u>
Total current liabilities	<u>187,606</u>
Long-term liabilities:	
Bonds payable	<u>1,230,000</u>
Total long-term liabilities	<u>1,230,000</u>
 Total liabilities	 <u>1,417,606</u>
Net assets:	
Invested in capital assets net of related debt	2,538,764
Unrestricted	<u>1,511,972</u>
Total net assets	<u>4,050,736</u>
 Total Liabilities and Net Assets	 <u>\$ 5,468,342</u>

See accompanying notes to the basic financial statements.

TAYMOUTH TOWNSHIP  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
BUSINESS-TYPE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Water General
Operating revenues:	
Charges for water services	\$ 343,367
Connection fees and meter charges	4,475
Other	22,681
Total operating revenues	<u>370,523</u>
Operating expenses:	
Labor	33,649
Payroll taxes	2,620
Benefits	8,000
Cost of water	80,711
Operations and maintenance	8,499
Water line tap in expense	3,380
County administrative fee	3,262
Depreciation	110,546
Supplies	9,249
Administrative expense	19,442
Professional fees	840
Other	16,369
Total operating expenses	<u>296,567</u>
Operating income (loss)	73,956
Non-operating revenues and (expenses)	
Interest income	77,395
Interest expense	(73,665)
Total non-operating revenues and (expenses)	<u>3,730</u>
Income (loss) before transfers	77,686
Transfers out	(6,238)
Change in net assets	71,448
Net Assets, Beginning of year	3,979,288
Net Assets, End of Year	<u><u>\$ 4,050,736</u></u>

See accompanying notes to basic financial statements.

TAYMOUTH TOWNSHIP  
STATEMENT OF CASH FLOWS - BUSINESS-TYPE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Water General
Cash flows from operating activities:	
Cash received from customers	\$ 505,318
Cash payments to suppliers for goods and services	(147,853)
Cash payments to employees	(44,269)
Cash payments to other funds	3,277
Net cash provided (used) for operating activities	<u>316,473</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(62,335)
Principal paid on loans and bonds	(180,000)
Interest paid on loans and bonds	(73,665)
Net cash provided (used) for capital and related financing activities	<u>(316,000)</u>
Cash flows from noncapital and related financing activities:	
Transfers to other funds	(6,238)
Net cash provided (used) for noncapital and related financing activities	<u>(6,238)</u>
Cash flows from investing activities:	
Interest income	77,395
Net cash provided (used) for investing activities	<u>77,395</u>
Net increase (decrease) in cash and cash equivalents	71,630
Cash and Cash Equivalents, Beginning of the year	692,091
Cash and Cash Equivalents, End of the year	<u><u>\$ 763,721</u></u>
Reconciliation of operating income to net cash provided (used) for operating activities:	
Operating income (loss)	\$ 73,956
Depreciation	110,546
Receivables	134,795
Other assets	3,277
Accounts payable	(6,101)
Net cash provided (used) for operating activities	<u><u>\$ 316,473</u></u>

See accompanying notes to basic financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies

Taymouth Township, Saginaw County, Michigan (Township) complies with accounting principles generally accepted in the United States of America. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, to the extent that those pronouncements do not conflict with or contradict GASB pronouncements. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

Reporting Entity

Taymouth Township, Saginaw County, Michigan was organized in 1842 and covers an area of approximately thirty-six square miles. The Township operates under an elected Township Board (5 members) and provides services to its various residents in many areas. In evaluating how to define the Township, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP), currently GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

Based upon the application of these criteria, the financial statements of Taymouth Township, Saginaw County, Michigan contain all the funds controlled by the Township's Board. No other entity meets the criteria to be considered a blended component unit or a discretely presented component unit of the Township.

Basic Financial Statements – Government-Wide Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Fiduciary funds, such as the Tax Collections Fund, are excluded from government-wide financial statements, although the Township's Tax Collections fund had no assets or liabilities as of June 30, 2008.



TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Policies (continued)

Basic Financial Statements – Government-Wide Statements (continued)

In the government-wide statement of net assets, the activities are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in two parts: invested in capital assets, net of related debt and unrestricted net assets

The government-wide statement of activities demonstrates the degree to which the direct expenses (including depreciation) of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

In creating the government-wide financial statements, the Township has eliminated interfund transactions. This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

Basic Financial Statements – Fund Statements

Separate financial statements are provided for governmental funds and proprietary funds. The Township has opted to display information for all funds without regard to the criteria established by GASB 34 for determination of major funds. If the GASB 34 criteria had been used, the trash fund would have been considered a major fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and expenditures relating to claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relate to charges to customers for services. The water fund also recognizes the portion of tapping fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Township reports the following governmental funds:

General Fund

The general fund is used to account for all financial transactions not accounted for in other funds. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for a specific purpose. The trash, library and park funds are special revenue funds.

The Township reports the following major proprietary fund:

Water Fund

The water fund is used to account for operations that provide water services to citizens, and is financed primarily by user charges or activities where the periodic measurement of net income is appropriate for capital maintenance, public policy, management control or accountability.

Additionally, the Township reports the following fund types:

Agency Fund – Current Tax Collections Fund

The current tax collections fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The current tax collections fund is used to account for taxes collected as an agent for other governmental units.

Deposits and Investments

The Township's cash consists of cash on hand and checking and savings accounts.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligation of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township is also authorized to invest in investment pools managed by qualified financial institutions.

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Accounts Receivable

The Township considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations in the period of uncollectibility.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are stated at cost or, if donated, at estimated fair market value at the time of donation. Expenditures that materially extend the life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of fixed assets is reflected in the capitalized value of the asset constructed.

Depreciation has been provided over the estimated useful lives of the capital assets using the straight-line method. The estimated useful lives are as follows:

Water system	50-70 years
Buildings	30-50 years
Land improvements	15-20 years
Equipment	5-10 years
Vehicles	3-8 years

Total depreciation expense for the Township for the year ended June 30, 2008 was \$110,546 for business-type activities (water fund) and \$96,604 for governmental activities.

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Prepays

Prepaid amounts consist of payments for which the Township will have a future benefit and will be used up a date beyond the current year-end.

Compensated Absences

No accrual has been recorded for unpaid sick and vacation time since the amount is immaterial to the financial statements of the Township at June 30, 2008.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Fund Equity

Designations of unreserved fund balances in Governmental Funds indicate tentative plans for use of financial resources in a future period. Unreserved fund balances for Governmental Funds represent the amount available for budgeting future operations.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 2--Budgets and Budgetary Policies

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. The Township does not maintain a formalized encumbrance accounting system.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the General fund budget is adopted by activity. In the special revenue funds, budgets are adopted at the functional level.
2. A Public hearing is conducted at a budget hearing to obtain citizens' comments.
3. Prior to July 1, the budget is legally adopted by a Township Board resolution pursuant to the uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. Any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for all funds except the Tax Collections Fund, which is an agency fund.
6. The budget, as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30, 2008.

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 3--Cash and Cash Equivalents – Credit Risk

At June 30, 2008, the Township's deposits were reported in the financial statements in the following categories:

	Governmental Activities	Business- Type Activities	Total
Cash and cash equivalents	\$ 1,090,709	\$ 763,721	\$ 1,854,430

At June 30, 2008, the book value of the Township's deposits, consisting primarily of interest-bearing savings, and checking accounts was \$1,854,430 and the bank balances were \$1,922,073. Of the bank balances, \$226,059 was covered by Federal depository insurance and \$1,696,014 was uninsured and uncollateralized; therefore, subjecting the Township to custodian credit risk. Custodian credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned.

The Township places its deposits with high quality financial institutions. Subsequent to the year ended June 30, 2008, the FDIC insured limit was raised to \$250,000. Subsequent to the year ended June 30, 2008, the Township adopted an investment policy.

NOTE 4--Capital Assets

Capital asset activity of the Township's governmental activities for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not subject to depreciation				
Land	\$ 102,909	\$ -	\$ -	\$ 102,909
Capital assets subject to depreciation				
Land improvements	195,064	-	-	195,064
Buildings	500,019	-	-	500,019
Equipment	1,349,219	14,566	-	1,363,785
Subtotal	2,044,302	14,566	-	2,058,868
Accumulated Depreciation				
Land improvements	170,589	1,991	-	172,580
Building	398,885	5,031	-	403,916
Equipment	898,562	89,582	-	988,144
Subtotal	1,468,036	96,604	-	1,564,640
Net capital assets being depreciated	576,266	(82,038)	-	494,228
Net governmental capital assets	\$ 679,175	\$ (82,038)	\$ -	\$ 597,137

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Capital Assets (continued)

Capital asset activity of the Township's business-type activities for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets subject to depreciation				
Water system	5,286,986	-	-	5,286,986
Vehicles	20,682	62,335	-	83,017
Subtotal	5,307,668	62,335	-	5,370,003
Accumulated Depreciation				
Water system	1,190,086	99,983	-	1,290,069
Vehicles	120,607	10,563	-	131,170
Subtotal	1,310,693	110,546	-	1,421,239
Net Business-type capital assets	\$ 3,996,975	\$ - (48,211)	\$ -	\$ 3,948,764

Depreciation expenses were charged as follows:

Governmental activities:	
General government	\$ 7,438
Public safety	78,584
Public works	4,984
Library	148
Park	5,450
Total	<u>\$ 96,604</u>
Business-type activities:	
Water	<u>\$ 110,546</u>

NOTE 5--Property Taxes

The Township bills and collects its own taxes and taxes on behalf of Saginaw County and the school districts within the Township boundaries. Property taxes are levied and become a lien on each December 1 on the taxable valuation of property located in Taymouth Township as of the preceding December 31 and are due without penalty on or before February 28. The taxable assessed value of the certified roll on December 31, 2007, upon which the levy for the 2008 fiscal year was based, was \$93,138,812. The collection of property taxes and remittance to the proper authority are accounted for in the Current Tax Collections Fund. Property tax revenue levied in December is recognized as revenue for the year ended June 30, 2008.



TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 5--Property Taxes (continued)

The tax rate assessed for the year ending June 30, 2008 to finance general fund operations was .8925 per \$1,000 valuation.

NOTE 6--Risk Management

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. The Township carries commercial insurance for risks to cover these losses. The Township also continues to carry commercial insurance for other risks of loss, including accident insurance.

NOTE 7--Long-Term Debt

Governmental activities:

Long-term debt consists of notes payable, recorded as an expenditure within the general fund. At June 30, 2008, this debt consisted of the following:

\$350,000 note payable dated July 13, 2005, due in annual installments of \$97,402 to \$90,563 through May 1, 2009, bearing an interest rate of 3.55%	<u>\$ 87,500</u>
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Business-type activities:

Long-term debt consists of general obligation bonds payable, recorded as a business-type activity within the water fund. At June 30, 2008, this debt consisted of the following:

\$950,000 bonds dated October 1, 1999, due in annual installments of \$10,000 to \$100,000 through May 1, 2019 bearing interest rates of 5.20% to 7.20% (Phase V)	\$ 785,000
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\$190,000 bonds dated August 1, 2001, due in annual installments of \$5,000 to \$10,000 through May 1, 2021 bearing interest rates of 4.30% to 5.10% (Phase VI)	130,000
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\$965,000 bonds dated April 28, 2005, due in annual installments of \$5,000 to \$135,000 through June 1, 2015, bearing an interest rate of 3.55%	495,000
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Total bonds payable	<u>\$ 1,410,000</u>
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TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 7--Long-Term Debt (continued)

A summary of changes in debt follows:

	<u>Balance Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Ending</u>	<u>Current Portion</u>
Governmental activities:					
Note payable	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 87,500</u>	<u>\$ 87,500</u>	<u>\$ 87,500</u>
Business-type activities:					
Phase V	\$ 820,000	\$ -	\$ 35,000	\$ 785,000	\$ 40,000
Phase VI	140,000	-	10,000	130,000	10,000
Refunding	630,000	-	135,000	495,000	130,000
Total business-type activities	<u>\$ 1,590,000</u>	<u>\$ -</u>	<u>\$ 180,000</u>	<u>\$ 1,410,000</u>	<u>\$ 180,000</u>

Annual aggregate maturities for governmental activities for the years subsequent to June 30, 2008 follow:

Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30			
2009	<u>\$ 87,500</u>	<u>\$ 3,063</u>	<u>\$ 90,563</u>

Annual aggregate maturities for business-type activities for the years subsequent to June 30, 2008 are as follows:

Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30			
2009	\$ 180,000	\$ 63,615	\$ 243,615
2010	175,000	55,779	230,779
2011	160,000	48,626	208,626
2012	170,000	42,030	212,030
2013-2017	485,000	140,056	625,056
2018-2021	240,000	20,670	260,670
	<u>\$ 1,410,000</u>	<u>\$ 370,776</u>	<u>\$ 1,780,776</u>

Total interest expense for the Township for the year ended June 30, 2008 was \$79,790 and \$89,899 for June 30, 2007. The portion of this amount attributable to governmental activities was \$6,125 for 2008 and \$9,201 for 2007. The balance was attributable to business-type activities.

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 8--Excess of Expenditures Over Appropriations in Budgetary Funds

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted as the activity and line item levels.

During the year ended June 30, 2008, the Township incurred expenditures in excess of the amounts appropriated, as illustrated in the supplemental information.

NOTE 9--Segment Information for Proprietary Fund

The Township maintains one proprietary fund which provides water services. Segment information for the year ended June 30, 2008 for the water fund was as follows:

Operating revenue	\$ 370,523
Deprecation	110,546
Operating income	73,956
Change in net assets	71,448
Net working capital	654,471
Total assets	5,468,342
Bonds payable	1,410,000
Total net assets	4,050,736

NOTE 10--Building Inspection Department

P.A. 245 of 1999 allows local units to continue to account for enforcing agency activities within the general fund as long as the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. For the year ended June 30, 2009, the Township has created a building department fund.

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 10--Building Inspection Department (continued)

During the fiscal year ended June 30, 2008, the enforcing agency collected the following fees and incurred the following expenditures:

Revenue

Charge for services	\$ 40,578
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Expenditures

Wages	41,201
Payroll taxes	3,078
Education and training	1,125
Supplies	1,684
Travel	27
Membership/ dues expenditures	6
Telephone	350
Legal	1,263
Other	2,818
Total expenditures	<u>51,552</u>

Net revenue	<u>\$ (10,974)</u>
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NOTE 11--Retirement Plan

The Township has a deferred compensation plan that was established by the Michigan Township Association. The plan is administered in ING and covers substantially all full and part-time employees. The employer matches dollar for dollar of employee contributions up to \$300. For the year ended June 30, 2008, employee contributions were \$10,521 and employer contributions were \$11,300. Benefits attributable to employee and employer contributions are 100% vested.

TAYMOUTH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 12--Interfund Activity

The makeup of interfund balances and transfers are as follows:

Due From		Due To	
Library	\$ 1,029	General	\$ 1,029
Park	540	General	540
Water	2,452	General	2,452
Total	<u>\$ 4,021</u>	Total	<u>\$ 4,021</u>
Outgoing Transfer		Incoming Transfer	
General Fund	\$ 39,983	Library	\$ 39,983
General Fund	17,604	Park	17,604
Water	6,238	Park	6,238
Total	<u>\$ 63,825</u>	Total	<u>\$ 63,825</u>

For the year ended June 30, 2008 transfers from the general fund to the park and library funds were to subsidize those programs. The transfer from the water fund to the park fund was to repay the park fund for previous year's expenses.

## **REQUIRED SUPPLEMENTAL INFORMATION**

TAYMOUTH TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes:				
Current tax levy	\$ 88,178	\$ 88,178	\$ 92,306	\$ 4,128
Property tax administration fees	28,500	28,500	27,343	(1,157)
Fire Assessment	88,176	88,176	82,464	(5,712)
Total taxes	<u>204,854</u>	<u>204,854</u>	<u>202,113</u>	<u>(2,741)</u>
Licenses and permits:				
Building permits	45,600	45,600	40,579	(5,021)
Trailer fees	2,300	2,300	2,373	73
Land division application fee	400	400	300	(100)
Dog license	50	50	56	6
Planning and zoning	2,755	2,755	1,370	(1,385)
Liquor license fee	385	385	385	-
Total licenses and permits	<u>51,490</u>	<u>51,490</u>	<u>45,063</u>	<u>(6,427)</u>
Intergovernmental:				
State sales tax	320,000	320,000	321,276	1,276
Metro fees	4,500	4,500	5,893	1,393
State refund	5,458	5,458	5,420	(38)
Other State revenue	-	-	2,416	2,416
Total intergovernmental	<u>329,958</u>	<u>329,958</u>	<u>335,005</u>	<u>5,047</u>
Charges for services:				
Security guard	300	300	600	300
Host agreement	132,000	132,000	167,008	35,008
Sale of cemetery lots	6,500	6,500	8,200	1,700
Grave openings/closings	6,000	6,000	9,725	3,725
Total charges for services	<u>144,800</u>	<u>144,800</u>	<u>185,533</u>	<u>40,733</u>
Other revenues:				
Fines and forfeits	750	750	4,173	3,423
Interest	15,750	15,750	28,533	12,783
Rent	3,500	3,500	50	(3,450)
Other	38,180	38,180	39,184	1,004
Total other revenues	<u>58,180</u>	<u>58,180</u>	<u>71,940</u>	<u>13,760</u>
Total revenues	<u>789,282</u>	<u>789,282</u>	<u>839,654</u>	<u>50,372</u>
Expenditures (Schedule of General Fund Expenditures)	<u>670,945</u>	<u>681,762</u>	<u>531,964</u>	<u>(149,798)</u>
Excess of revenues over (under) expenditures	<u>118,337</u>	<u>107,520</u>	<u>307,690</u>	<u>200,170</u>
Other financing sources (uses)				
Insurance recovery and dividend	2,250	2,250	2,306	56
Sale of assets	-	-	3,700	3,700
Operating transfers in	50,000	50,000	-	(50,000)
Fire Truck Installment Loan	(97,402)	(93,610)	(93,610)	-
Operating transfers (out)	(58,062)	(58,062)	(57,587)	475
Total other financing sources (uses)	<u>(103,214)</u>	<u>(99,422)</u>	<u>(145,191)</u>	<u>(45,769)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>15,123</u>	<u>8,098</u>	<u>162,499</u>	<u>154,401</u>
Fund balance at beginning of year	<u>958,998</u>	<u>958,998</u>	<u>958,998</u>	<u>-</u>
Fund balance at end of year	<u>\$ 974,121</u>	<u>\$ 967,096</u>	<u>\$ 1,121,497</u>	<u>\$ 154,401</u>

TAYMOUTH TOWNSHIP  
GENERAL FUND  
SCHEDULE OF GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Legislative:				
Township Board	\$ 7,150	\$ 7,150	\$ 5,881	\$ 1,269
General Government:				
Supervisor	21,380	21,380	20,897	483
General service	55,785	57,610	59,349	(1,739)
Clerk	29,755	29,755	29,455	300
Elections	7,300	8,050	5,021	3,029
Assessor	35,975	36,250	30,785	5,465
Treasurer	28,840	29,065	27,649	1,416
Community center	19,990	20,271	22,106	(1,835)
Cemeteries	16,209	17,645	14,671	2,974
Opera house	5,621	6,241	4,857	1,384
Total general government	<u>220,855</u>	<u>226,267</u>	<u>214,790</u>	<u>11,477</u>
Public safety:				
Fire department	88,585	89,285	90,856	(1,571)
Inspection department	83,945	85,495	51,551	33,944
Total public safety	<u>172,530</u>	<u>174,780</u>	<u>142,407</u>	<u>32,373</u>
Public works:				
Department of Public Works	<u>193,135</u>	<u>193,215</u>	<u>102,819</u>	<u>90,396</u>
Capital outlay:				
General government	8,500	9,100	-	9,100
Public safety	12,000	12,000	2,591	9,409
Public works	3,000	3,000	11,975	(8,975)
Inspection	500	850	-	850
Total capital outlay	<u>24,000</u>	<u>24,950</u>	<u>14,566</u>	<u>10,384</u>
Other:				
Workers compensation	7,000	7,000	5,048	1,952
Trailer park fees	2,300	2,300	1,378	922
Insurance	35,000	35,000	33,127	1,873
Miscellaneous	8,975	11,100	11,948	(848)
Total other	<u>53,275</u>	<u>55,400</u>	<u>51,501</u>	<u>3,899</u>
Total expenditures	<u>\$ 670,945</u>	<u>\$ 681,762</u>	<u>\$ 531,964</u>	<u>\$ 149,798</u>



TAYMOUTH TOWNSHIP  
TRASH FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Special assessment	\$ 162,683	\$ 163,456	\$ 161,813	\$ (1,643)
Interest	1,500	1,500	2,071	571
Total revenues	<u>164,183</u>	<u>164,956</u>	<u>163,884</u>	<u>(1,072)</u>
<b>Expenditures</b>				
Public works:				
Garbage collection	<u>148,981</u>	<u>149,663</u>	<u>148,073</u>	<u>1,590</u>
Excess of revenues over (under) expenditures	15,202	15,293	15,811	518
Other financing sources (uses)				
Transfers in (out)	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	5,202	5,293	15,811	10,518
Fund balance at beginning of year	<u>89,575</u>	<u>89,575</u>	<u>89,575</u>	<u>-</u>
Fund balance at end of year	<u>\$ 94,777</u>	<u>\$ 94,868</u>	<u>\$ 105,386</u>	<u>\$ 10,518</u>

## **OTHER SUPPLEMENTAL INFORMATION**

TAYMOUTH TOWNSHIP  
SCHEDULE OF INDEBTEDNESS  
JUNE 30, 2008

Name of Issue	Date of Issue	Amount of Issue	Interest Rate	Year Ending June 30,	Annual Principal	Annual Interest Payment
Phase V	10/1/1999	\$ 9,500,000	7.20%	2009	\$ 40,000	\$ 42,180
			6.60%	2010	40,000	39,300
			5.20%	2011	45,000	36,660
			5.20%	2012	50,000	34,320
			5.20%	2013	55,000	31,720
			5.20%	2014	75,000	28,860
			5.20%	2015	85,000	24,960
			5.20%	2016	95,000	20,540
			5.20%	2017	100,000	15,600
			5.20%	2018	100,000	10,400
			5.20%	2019	100,000	5,200
					<u>\$ 785,000</u>	<u>\$ 289,740</u>

Name of Issue	Date of Issue	Amount of Issue	Interest Rate	Year Ending June 30,	Annual Principal	Annual Interest Payment
Phase VI	8/4/2001	\$ 190,000	4.30%	2009	\$ 10,000	\$ 6,170
			4.30%	2010	10,000	5,740
			4.40%	2011	10,000	5,310
			4.50%	2012	10,000	4,870
			4.60%	2013	10,000	4,420
			4.70%	2014	10,000	3,960
			4.80%	2015	10,000	3,490
			4.90%	2016	10,000	3,010
			5.00%	2017	10,000	2,520
			5.00%	2018	10,000	2,020
			5.00%	2019	10,000	1,520
			5.10%	2020	10,000	1,020
			5.10%	2021	10,000	510
					<u>\$ 130,000</u>	<u>\$ 44,560</u>

TAYMOUTH TOWNSHIP  
SCHEDULE OF INDEBTEDNESS  
JUNE 30, 2008

Name of Issue	Date of Issue	Amount of Issue	Interest Rate	Year Ending June 30,	Annual Principal	Annual Interest Payment
Refunding bond Phases I-IV	4/28/2004	\$ 965,000	3.55%	2009	\$ 130,000	\$ 15,265
			3.55%	2010	125,000	10,739
			3.55%	2011	105,000	6,656
			3.55%	2012	110,000	2,840
			3.55%	2013	15,000	621
			3.55%	2014	5,000	266
			3.55%	2015	5,000	89
					<u>\$ 495,000</u>	<u>\$ 36,476</u>



# Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner  
Giacamo Provenzano  
James R. Schauman  
Heather A. Thomas

September 23, 2008

Township Board  
Taymouth Township  
Saginaw County, Michigan

We appreciate the opportunity to conduct your audit this year. As we have discussed with you previously, we are writing to you as we complete the audit to communicate any control deficiencies we identified to be significant deficiencies or material weaknesses.

This communication is a requirement of the new auditing standard: **Statement on Auditing Standards (SAS 112): Communicating Internal Control Related Matters Identified in an Audit**. The new standard applies to the audits of any financial statements with periods ending on or after December 15, 2006.

In planning and performing our audit of your financial statements for the period ending June 30, 2008, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting (internal control) as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls. Accordingly, as part of your audit, we are not expressing an opinion on the effectiveness of your internal control.

Our consideration of internal control was for the limited purpose of conducting your organization's audit and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did identify certain deficiencies in internal control that we consider to be significant deficiencies that are discussed below. It is important to note that control deficiencies are not necessarily problems you will choose to address; however, they do represent potential risks. Our job as your auditors is to ensure that you understand where you have these deficiencies or weaknesses so that you can make informed business decisions on how best to respond to these risks. In this year's audit, we identified the following:

## **Significant Deficiencies**

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects your entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of your financial statements that is more than inconsequential will not be prevented or detected by your internal control.

**Segregate Cash Disbursement Responsibilities**

In reviewing procedures and controls related to cash disbursements for debt service, we noted the Treasurer has more responsibility than is optimal. For instance, it appears as though the Treasurer receives the invoice for debt service, has the bank prepare a money order for the payment and mails the payment to Saginaw County. In addition, the Treasurer supplies the accountant with the activity in these accounts. We also noted that since these accounts are "passbook" saving, the Township does not receive statements for these accounts.

We recommend that these accounts be moved to either a checking account or a money market account in which checks can be issued by the clerk and monthly statements are received by the Township. In addition, these debt payments should be processed by the clerk as all other payables are at this time.

This written communication related to the significant deficiencies identified during this year's audit is intended solely for the information and use by your management, those charged with your organization's governance, others you deem appropriate within your organization, and any governmental authorities you need to share this information with. It is not intended for use by anyone other than these specified parties.

**Other Comments**

We noted that the special revenue funds have both checking and savings accounts. In an effort to simplify the accounting and handle transfers properly and reduce the opportunity for error, we recommend that the savings accounts be closed and funds transfer over to the checking accounts in these funds.

We are available to answer any questions that you may have related to the control deficiencies we identified during your audit or discuss the benefits and associated costs of any options you have for remedying them if you would like to do so. If you would like to set up a meeting to discuss this communication or your organization's internal controls, please feel free to contact me.

We appreciate the opportunity to conduct your organization's audit.

Very truly yours,

Gardner, Provenzano, Schauman & Thomas, P.C.